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Consolidated Financial Results for the Fiscal Year Ended September 30, 2021 (under Japanese GAAP)

November 5, 2021

Name of the Listed Company: COLOPL, Inc.

Listed Stock Exchanges: Tokyo Stock Exchange

Security code: 3668

URL: <https://colopl.co.jp/en/>

Representative: Naruatsu Baba, President

Contact: Yoshiaki Harai, Executive Director

Telephone +81-3-6721-7770

Scheduled date of ordinary general meeting of shareholders: December 17, 2021

Scheduled date to commence dividend payments: December 20, 2021

Scheduled date to submit securities report: December 20, 2021

Preparation of supplementary materials on financial results: Yes

Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Figures of less than one million are rounded down.)

1. Consolidated financial results for the fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2021	37,125	(17.7)	6,320	(48.4)	7,843	(33.5)	3,047	(61.8)
September 30, 2020	45,128	16.0	12,250	314.9	11,790	612.3	7,977	645.5

Note: Comprehensive income Fiscal year ended September 30, 2021: 3,148 million yen (down 62.8%)

Fiscal year ended September 30, 2020: 8,461 million yen (up 802.6%)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
September 30, 2021	23.82	23.77	4.0	9.4	17.0
September 30, 2020	62.45	62.22	11.0	14.7	27.1

Reference: Share of profit (loss) of entities accounting for using equity method Fiscal year ended September 30, 2021: - million yen

Fiscal year ended September 30, 2020: - million yen

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2021	80,814	75,751	93.7	591.86
September 30, 2020	85,833	75,779	88.3	592.81

Reference: Shareholder's equity As of September 30, 2021: 75,750 million yen

As of September 30, 2020: 75,778 million yen

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
September 30, 2021	(3,104)	(10,588)	(3,200)	49,052
September 30, 2020	15,010	(2,640)	(2,780)	65,308

2. Cash dividends

Fiscal year ended	Dividend per share					Total dividend payments (total)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual			
September 30, 2020	Yen -	Yen 0.00	Yen -	Yen 25.00	Yen 25.00	Million yen 3,195	% 40.0	% 4.4
September 30, 2021	Yen -	Yen 0.00	Yen -	Yen 20.00	Yen 20.00	Million yen 2,559	% 84.0	% 3.4
Fiscal year ending September 30, 2022 (forecast)	-	-	-	-	-			

(Note) Dividends for the fiscal year ending September 30, 2022 are not yet decided.

3. Consolidated financial forecasts for the fiscal year ending September 30, 2022 (from October 1, 2021 to September 30, 2022)

Given significant short-term changes in the business environment surrounding the Group, the Company has difficulties in calculating the Group's earnings forecasts properly and reasonably, and therefore refrains from disclosing financial forecasts.

* Notes

(1) Changes in significant subsidiaries during the period (Transfer of specified subsidiaries resulting in changes in the scope of consolidation): None

Indigo Game Studios, Inc., which no longer exists due to an absorption-type merger implemented on May 1, 2021 in which COLOPL was treated as a surviving company, is excluded from the scope of consolidation, starting from the fiscal year under review. Changes in specific subsidiaries do not apply to the said merger.

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies other than (i): None

(iii) Change in accounting estimates: None

(iv) Restatement: None

(3) Number of shares issued (common shares)

(i) Total number of shares issued at the end of the period (including treasury shares)

As of September 30, 2021	129,766,034 shares	As of September 30, 2020	129,607,536 shares
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(ii) Number of treasury shares at the end of the period

As of September 30, 2021	1,778,544 shares	As of September 30, 2020	1,778,259 shares
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(iii) Average number of shares during the period

Fiscal year ended September 30, 2021	127,948,756 shares	Fiscal year ended September 30, 2020	127,741,940 shares
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Reference: Summary of non-consolidated results

1. Non-consolidated financial results for the fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2021	27,900	(28.6)	5,578	(52.0)	5,616	(49.2)	1,196	(83.7)
September 30, 2020	39,061	8.9	11,622	322.9	11,045	906.3	7,346	—

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2021	9.35	9.33
September 30, 2020	57.51	57.30

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2021	76,982	73,566	95.6	574.79
September 30, 2020	84,270	75,382	89.5	589.71

Reference: Equity As of September 30, 2021: 73,566 million yen

As of September 30, 2020: 75,382 million yen

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Descriptions and statements concerning estimates and forecasts in this material are judgments and assumptions based on information currently available to the Company. Due to the uncertainties inherent in these judgments and assumptions, as well as changes in business management and internal or external conditions, actual results may differ substantially from predictions, and the Company does not guarantee the certainty of any details regarding these future predictions.

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1. Overview of Operating Results, etc.

(1) Summary of Operating Results for the Fiscal Year Ended September 30, 2021

With the Group's mission, "Entertainment in Real Life: Making everyday more enjoyable and wonderful through entertainment", the Group has been working to enrich people's everyday lives through entertainment. It has been keeping in mind the need to enhance engagement with users in conjunction with existing games, while also focusing on releasing new games. In addition, it positioned the Investment and Development Business as one of its main businesses in the fiscal year under review. Details are described in "3. Consolidated Financial Statements and Notes on Important Matters (5) Notes Regarding Consolidated Financial Statements (Additional information)."

With respect to the lawsuit concerning a patent infringement raised in December 2017, the Company reached a settlement with the plaintiff on August 4, 2021, and consequently recorded settlement package of ¥3,300 million as an extraordinary loss in the fiscal year under review.

Meanwhile, although consumption and economic activity continued to be sluggish due to a range of factors such as restrictions on outings and operations in many countries, the impact of the COVID-19 pandemic on the financial results for the fiscal year under review was limited.

As a result, consolidated results for the fiscal year under review were net sales of ¥37,125 million (down 17.7% year on year), operating profit of ¥6,320 million (down 48.4% year on year), ordinary profit of ¥7,843 million (down 33.5% year on year), and profit attributable to owners of the parent of ¥3,047 million (down 61.8% year on year).

Operating results by business segment are as follows:

Effective from the fiscal year under review, the Company revised its reportable segment structure, analyzing the results for the fiscal year under review based on the revised structure.

a. Entertainment Business

The Entertainment Business is responsible primarily for the development and operation of games for smartphones.

In games for smartphones that account for a major portion of sales, the DRAGON QUESTWALK, which is a third company IP title (planning and production: SQUARE ENIX CO., LTD., Development: COLOPL, Inc.), performed well and contributed to the Group's consolidated financial results. In original IP titles, the Group has been operating services to enhance engagement with users by featuring the 7th and 5th anniversaries of the Shironeko Project and Shironeko Tennis, two mainstay titles, since their releases. In addition, it launched the YOU GENERATION service on a full scale in Japan.

As a result, consolidated net sales and operating profit for the fiscal year under review stood at ¥36,953 million and ¥6,447 million, respectively.

b. Investment and Development Business

The Group conducts the Investment and Development Business with a focus on investments in IT-related and entertainment companies in particular.

Consolidated net sales and the operating loss for the fiscal year under review stood at ¥171 million and ¥129 million, respectively.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Current assets at the end of the fiscal year under review increased ¥249 million from the end of the previous fiscal year, to ¥74,430 million. This mainly reflected an increase due to the reclassification of certain investment securities, which had been posted as non-current assets, into operational investment securities, offsetting a decrease in cash and deposits.

Non-current assets amounted to ¥6,384 million, a decline of ¥5,269 million from the end of the previous fiscal year. This was primarily attributable to the reclassification of certain investment securities into operational investment securities in current assets.

As a result, total assets decreased ¥5,019 million from the end of the previous fiscal year, to ¥80,814 million.

(Liabilities)

Current liabilities at the end of the fiscal year under review totaled ¥4,922 million, down ¥4,599 million from the end of the previous fiscal year. This is largely due to a decrease in income taxes payable and accrued consumption taxes.

Non-current liabilities amounted to ¥141 million, declining ¥391 million from the end of the previous fiscal year. This mainly reflected a decrease in asset retirement obligations.

As a result, total liabilities decreased ¥4,990 million from the end of the previous fiscal year, to ¥5,063 million.

(Net assets)

Net assets at the end of the fiscal year under review totaled ¥75,751 million, down ¥28 million from the end of the previous fiscal year. This chiefly reflected a decrease in retained earnings due to the payment of dividends.

(3) Overview of Cash Flows for the Fiscal Year under Review

The balance of cash and cash equivalents (hereinafter, “cash”) at the end of the fiscal year under review decreased ¥16,225 million from the end of the previous fiscal year, to ¥49,052 million. The status of each of the cash flow segments and contributing factors for changes during the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash used in operating activities during the fiscal year under review stood at ¥3,104 million (compared to ¥15,010 million provided during the previous fiscal year). The cash outflow was mainly due to income taxes paid of ¥4,764 million.

(Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review came to ¥10,588 million (compared to the cash outflow of ¥2,640 million during the previous fiscal year). The major cash outflow reflected payments into time deposits of ¥10,000 million.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review was ¥3,200 million, compared to net cash used in financing activities of ¥2,780 million during the previous fiscal year). The cash outflow was mainly attributable to dividends paid of ¥3,192 million.

(Reference) Changes in cash flow-related indicators

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Shareholders' equity ratio (%)	91.5	91.4	92.9	88.3	93.7
Shareholders' equity ratio at market value (%)	215.4	121.3	304.2	133.7	127.5
Ratio of interest-bearing debt to operating cash flow (number of years)	—	—	—	—	—
Interest coverage ratio (times)	—	—	—	—	—

Shareholders' equity ratio (%): shareholders' equity / total assets

Shareholders' equity ratio at market value: total market capitalization / total assets

Ratio of interest-bearing debt to cash flows: interest-bearing debt / cash flows

Interest coverage ratio: cash flows / interest expenses paid

(Note) Market capitalization is calculated based on the number of shares outstanding, excluding treasury shares.

(4) Future Outlook

Looking ahead to the fiscal year ending September 30, 2022, the Group will continue to keep in mind the need to enhance engagement with users in conjunction with existing games, while also achieving sustainable growth by providing new games on a yearly basis. It will also invest actively with a focus on IT-related and entertainment companies in particular.

Given significant short-term changes in the business environment surrounding the Group, the Company has difficulties in calculating the Group's earnings forecasts properly and reasonably, and therefore refrains from disclosing financial forecasts.

2. Basic Stance on the Selection of Accounting Standards

The Group is watching trends in the adoption of the Internal Financial Reporting Standards (IFRS) to make proper decisions on the timing of adoption, etc. No decision therefore has been made on the adoption of the Standards in the foreseeable future.

3. Consolidated Financial Statements and Notes on Important Matters

(1) Consolidated Balance Sheet

(Million Yen)

	Previous fiscal year (September 30, 2020)	Fiscal year under review (September 30, 2021)
Assets		
Current assets		
Cash and deposits	65,009	58,871
Accounts receivable - trade	6,977	4,348
Operational investment securities	–	7,591
Merchandise	63	37
Work in process	890	690
Supplies	3	4
Advance payments	243	276
Prepaid expenses	360	357
Other	694	2,286
Allowance for doubtful accounts	(62)	(34)
Total current assets	74,180	74,430
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,268	1,101
Accumulated depreciation and impairment	(735)	(786)
Buildings and structures, net	532	315
Tools, furniture and fixtures	688	700
Accumulated depreciation and impairment	(541)	(572)
Tools, furniture and fixtures, net	146	128
Construction in progress	–	40
Total property, plant and equipment	679	484
Intangible assets		
Software	43	29
Other	251	–
Total intangible assets	294	29
Investments and other assets		
Investment securities	6,953	2,344
Shares of subsidiaries and associates	3	3
Investments in capital of subsidiaries and associates	462	50
Leasehold and guarantee deposits	1,487	2,132
Deferred tax assets	1,620	1,253
Other	152	87
Total investments and other assets	10,679	5,870
Total non-current assets	11,653	6,384
Total assets	85,833	80,814

(Million Yen)

	Previous fiscal year (September 30, 2020)	Fiscal year under review (September 30, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	22	50
Accounts payable - other	3,255	2,412
Accrued expenses	190	244
Income taxes payable	3,273	292
Accrued consumption taxes	1,537	152
Advances received	514	850
Deposits received	192	415
Other	535	502
Total current liabilities	9,521	4,922
Non-current liabilities		
Asset retirement obligations	446	123
Other	85	17
Total non-current liabilities	532	141
Total liabilities	10,053	5,063
Net assets		
Shareholders' equity		
Share capital	6,536	6,556
Capital surplus	6,295	6,296
Retained earnings	67,185	67,037
Treasury shares	(4,645)	(4,645)
Total shareholders' equity	75,373	75,245
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	404	461
Foreign currency translation adjustment	–	43
Total accumulated other comprehensive income	404	504
Non-controlling interests	1	1
Total net assets	75,779	75,751
Total liabilities and net assets	85,833	80,814

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statements of Income)

(Million Yen)

	Previous fiscal year (October 1, 2019 to September 30, 2020)	Fiscal year under review (October 1, 2020 to September 30, 2021)
Net sales	45,128	37,125
Cost of sales	24,275	24,108
Gross profit	20,853	13,016
Selling, general and administrative expenses	8,602	6,695
Operating profit	12,250	6,320
Non-operating income		
Interest income	46	16
Interest income on securities	8	2
Foreign exchange gains	–	246
Gain on investments in investment partnerships	9	12
Gain on sale of investment securities	192	995
Gain on sale of cryptocurrency	–	542
Gain on valuation of cryptocurrency	188	–
Proceeds from miscellaneous income	85	130
Total non-operating income	530	1,947
Non-operating expenses		
Foreign exchange losses	108	–
Loss on valuation of investment securities	662	51
Loss on derivative transactions	148	358
Miscellaneous losses	71	14
Total non-operating expenses	991	424
Ordinary profit	11,790	7,843
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	0	–
Total extraordinary income	0	–
Extraordinary losses		
Impairment losses	852	291
Settlement package	–	3,300
Total extraordinary losses	852	3,591
Profit before income taxes	10,938	4,251
Income taxes - current	3,375	944
Income taxes - deferred	(414)	258
Total income taxes	2,960	1,203
Profit	7,977	3,048
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	7,977	3,047

(Consolidated Statement of Comprehensive Income)

(Million Yen)

	Previous fiscal year (October 1, 2019 to September 30, 2020)	Fiscal year under review (October 1, 2020 to September 30, 2021)
Profit	7,977	3,048
Other comprehensive income		
Valuation difference on available-for-sale securities	484	56
Foreign currency translation adjustment	–	43
Total other comprehensive income	484	99
Comprehensive income	8,461	3,148
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,461	3,147
Comprehensive income attributable to non-controlling interests	0	0

(3) Consolidated Statement of Changes in Equity

Previous fiscal year (October 1, 2019 to September 30, 2020)

(Million Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,510	6,269	61,376	(4,644)	69,511
Changes during period					
Issuance of new shares (Exercise of share acquisition rights)	13	13			27
Issuance of new shares (Restricted stock-based compensation)	12	11			24
Dividends of surplus			(2,167)		(2,167)
Purchase of treasury shares				(0)	(0)
Profit attributable to owners of parent			7,977		7,977
Net changes in items other than shareholders' equity					
Total changes during period	25	25	5,809	(0)	5,861
Balance at end of period	6,536	6,295	67,185	(4,645)	75,373

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(79)	(79)	0	69,433
Changes during period				
Issuance of new shares (Exercise of share acquisition rights)				27
Issuance of new shares (Restricted stock-based compensation)				24
Dividends of surplus				(2,167)
Purchase of treasury shares				(0)
Profit attributable to owners of parent				7,977
Net changes in items other than shareholders' equity	483	483	0	484
Total changes during period	483	483	0	6,345
Balance at end of period	404	404	1	75,779

Fiscal year under review (October 1, 2020 to September 30, 2021)

(Million Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,536	6,295	67,185	(4,645)	75,373
Changes during period					
Issuance of new shares (Exercise of share acquisition rights)	6	6			12
Issuance of new shares (Restricted stock-based compensation)	13	13			27
Dividends of surplus			(3,195)		(3,195)
Purchase of treasury shares				(0)	(0)
Purchase of shares of consolidated subsidiaries		(18)			(18)
Profit attributable to owners of parent			3,047		3,047
Net changes in items other than shareholders' equity					
Total changes during period	19	0	(147)	(0)	(127)
Balance at end of period	6,556	6,296	67,037	(4,645)	75,245

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	404	–	404	1	75,779
Changes during period					
Issuance of new shares (Exercise of share acquisition rights)					12
Issuance of new shares (Restricted stock-based compensation)					27
Dividends of surplus					(3,195)
Purchase of treasury shares					(0)
Purchase of shares of consolidated subsidiaries					(18)
Profit attributable to owners of parent					3,047
Net changes in items other than shareholders' equity	56	43	99	(0)	99
Total changes during period	56	43	99	(0)	(28)
Balance at end of period	461	43	504	1	75,751

(4) Consolidated Statements of Cash Flows

(Million Yen)

	Previous fiscal year (October 1, 2019 to September 30, 2020)	Fiscal year under review (October 1, 2020 to September 30, 2021)
Cash flows from operating activities		
Profit before income taxes	10,938	4,251
Depreciation	508	515
Amortization of goodwill	141	-
Increase (decrease) in allowance for doubtful accounts	8	(28)
Foreign exchange losses (gains)	103	(257)
Impairment losses	852	291
Decrease (increase) in investment securities for sale	-	(1,773)
Loss (gain) on sale of investment securities	(192)	(995)
Loss (gain) on valuation of investment securities	662	51
Loss (gain) on valuation of derivatives	148	358
Loss (gain) on valuation of cryptocurrency	(188)	-
Loss (gain) on sales of cryptocurrencies	-	(542)
Settlement package	-	3,300
Decrease (increase) in trade receivables	135	2,629
Decrease (increase) in inventories	20	224
Increase (decrease) in trade payables	(0)	27
Increase (decrease) in accounts payable - other	(413)	(827)
Increase (decrease) in accrued consumption taxes	1,430	(1,384)
Increase (decrease) in income taxes payable - factor based tax	139	(168)
Increase (decrease) in advances received	(381)	335
Decrease (increase) in prepaid expenses	130	29
Other, net	705	(1,111)
Subtotal	14,747	4,927
Interest and dividends received	74	31
Interest paid	(7)	-
Settlement package paid	-	(3,300)
Income taxes refund (paid)	196	(4,764)
Net cash provided by (used in) operating activities	15,010	(3,104)

(Million Yen)

	Previous fiscal year (October 1, 2019 to September 30, 2020)	Fiscal year under review (October 1, 2020 to September 30, 2021)
Cash flows from investing activities		
Payments into time deposits	–	(10,000)
Purchase of property, plant and equipment	(93)	(160)
Proceeds from sale of property, plant and equipment	718	0
Purchase of intangible assets	(8)	(29)
Purchase of investment securities	(3,697)	(3,747)
Proceeds from sale of investment securities	2,207	3,647
Proceeds from sales of cryptocurrency	–	758
Purchase of shares of subsidiaries and associates in change in scope of consolidation	(1,234)	–
Proceeds from sale of shares of subsidiaries and associates in change in scope of consolidation	28	–
Payments for investments in capital of subsidiaries and associates	(344)	–
Collection of investment in capital of subsidiaries and affiliates	10	65
Payments of leasehold and guarantee deposits	(5)	(929)
Proceeds from refund of leasehold and guarantee deposits	146	285
Proceeds from (payments for) futures settlement	(166)	(338)
Other, net	(201)	(140)
Net cash provided by (used in) investing activities	(2,640)	(10,588)
Cash flows from financing activities		
Repayments of short-term borrowings	(554)	–
Repayments of long-term borrowings	(90)	–
Proceeds from issuance of shares	27	12
Dividends paid	(2,162)	(3,192)
Purchase of shares of subsidiaries and associates that do not result in change in scope of consolidation	–	(20)
Other, net	(1)	(0)
Net cash provided by (used in) financing activities	(2,780)	(3,200)
Effect of exchange rate change on cash and cash equivalents	(103)	294
Net increase (decrease) in cash and cash equivalents	9,486	(16,599)
Cash and cash equivalents at beginning of period	55,822	65,308
Increase in cash and cash equivalents resulting from proportional consolidation	–	344
Cash and cash equivalents at end of period	65,308	49,052

(5) Notes Regarding Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable.

(Additional information)

(Operational investment securities and investments in investment partnership)

The Company decided to advance the Investment and Development Business as one of its main businesses pursuant to a resolution passed at meeting of the Board of Directors held on March 17, 2021.

Consequently, it posted securities for investment, which had been treated as “investment securities” in the non-current assets section, as “operational investment securities” in the current assets section of the consolidated balance sheet. In addition, starting with transactions on March 17, 2021, it adopted a method in which gain (loss) related to the said securities, which had been posted as non-operating income (loss), is included in “net sales” and the “cost of sales” on the consolidated statement of income. Also, in conjunction with accounting procedures related to investments in capital for the investment partnership managed and operated by the Group, the Company adopted a method in which the investment partnership’s assets, liabilities, revenues and expenses are posted in proportion to the Group’s investment ratio.

As a result of these steps including the reclassification of securities for investment, which had been traditionally posted as “investment securities,” as “operational investment securities,” ¥7,591 million was posted as “operational investment securities,” which also contributed to an increase in “cash and deposits” by ¥525 million.

Net sales, the cost of sales and selling, general and administrative expenses increased ¥171 million, ¥190 million and ¥16 million, respectively, while operating profit decreased ¥35 million on the consolidated statement of income.

In addition, ¥(1,773) million was posted as decrease (increase) in investment securities for sale, ¥344 million was posted as an increase in cash and cash equivalents due to proportional consolidation on the consolidated statement of cash flows.

These arrangements and changes, however, have no impact on ordinary profit or profit before income taxes.

(Segment information, etc.)

[Segment information]

1. Summary of reporting segments

The Group’s reportable segments are the Company’s constituent units for which separate financial information is available and periodic reviews are performed by the Board of Directors to determine the allocation of management resources and evaluate financial results.

the Company, which consists of business-based segments, treats two business, namely the Entertainment Business and the Investment and Development Business, as reportable businesses. The Entertainment Business is responsible primarily for the development and operation of games for smartphones. The Investment and Development Business is conducted with a focus on investment in IT-related and entertainment companies in particular.

2. Method used to calculate sales, income (loss), assets, liabilities and other items by reportable segment

The accounting method of the reported business segments complies with the accounting policy adopted for preparing consolidated financial statements.

The profit of each reportable segment is presented on an operating profit basis.

Intersegment transactions and transfers are based on prevailing market prices.

3. Information regarding sales, income (loss), assets, liabilities and other items of each reportable segment

Previous fiscal year (October 1, 2019 to September 30, 2020)

The Group's reportable business was only the Mobile Service Business, whose importance was low from the perspective of information disclosure. Therefore, the Company omitted the disclosure of segment information.

Fiscal year under review (October 1, 2020 to September 30, 2021)

(Million Yen)

	Reportable Segment			Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Entertainment Business	Investment and Development Business	Total		
Net sales					
Sales to external customers	36,953	171	37,125	–	37,125
Intersegment sales or transfers	–	–	–	–	–
Total	36,953	171	37,125	–	37,125
Operating profit (loss)	6,447	(129)	6,318	2	6,320
Other items					
Depreciation	515	–	515	–	515

(Notes) 1. An adjustment in the segment profit (loss) area represents the deduction of intersegment transactions.

2. Segment profit (loss) has been adjusted to be consistent with the operating profit reported in the consolidated statements of income.

3. Segment assets and liabilities have not been included because they are not subject to periodic reviews performed to decide the allocation of management resources and evaluated financial results.

4. Matters concerning changes in reportable segments

To advance the Investment and Development Business as one of its main businesses, the Company reclassified the Investment and Development Business as an independent business unit and included it in the reportable segment, starting from the second quarter of the fiscal year under review.

In addition, it renamed the Mobile Service Business as the Entertainment Business.

(Per share information)

	Previous fiscal year (October 1, 2019 to September 30, 2020)	Fiscal year under review (October 1, 2020 to September 30, 2021)
Net assets per share	¥592.81	¥591.86
Earnings per share	¥62.45	¥23.82
Earnings per share fully diluted	¥62.22	¥23.77

(Notes) 1. The basis for calculating net assets per share is as follows:

	Previous fiscal year (September 30, 2020)	Fiscal year under review (September 30, 2021)
Total net assets (million yen)	75,779	75,751
Amount deducted from the total net assets (million yen)	1	1
(Non-controlling interests included (million yen))	1	1
Net assets related to common shares at end of period (million yen)	75,778	75,750
Number of common shares at the end of the fiscal year used for the calculation of net assets per share (shares)	127,829,277	127,987,490

2. The basis for calculating basic earnings per share and earnings per share fully diluted is as follows.

	Previous fiscal year (October 1, 2019 to September 30, 2020)	Fiscal year under review (October 1, 2020 to September 30, 2021)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	7,977	3,047
Amount not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent pertaining to common shares (million yen)	7,977	3,047
Average number of shares during the period (shares)	127,741,940	127,948,756
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (million yen)	–	–
Increase in the number of common shares (shares)	469,265	296,571
[Share acquisition rights included in the above (shares)]	[469,265]	[296,571]
Overview of potentially dilutive shares not included in the calculation of earning per share fully diluted due to the absence of dilutive effects	–	–

(Significant subsequent events)

Not applicable.